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TAGS: [ETRD](#) [WTO](#) [ECON](#) [PREL](#) [AG](#)
SUBJECT: ALGERIA GOES WTO SHOPPING

REF: 07 ALGIERS 1252

Classified By: Ambassador Robert Ford; reasons 1.4 (b) and (d).

11. (C) SUMMARY: Following the February 4 visit of European Union Trade Commissioner Peter Mandelson to Algiers, EU diplomats told us the Algerians were "forthcoming and eager" on WTO accession, but the Europeans remain skeptical of rapid progress. They felt the Algerians were shopping for the easiest way into the WTO, one that would require a minimum of structural change. The Algerians, they said, became frustrated by the EU's unyielding position on WTO standards, believing the Europeans were "not doing enough" to help Algeria's WTO efforts. The EU presented standard WTO positions on creating a uniform system of bilateral tariffs and eliminating fuel subsidies. The Algerian response, according to the diplomats, reflected a "completely different and socialist mentality." The EU delegate in Algeria told Ambassador February 13 that the time was "perfect" for the U.S. to deliver a message on specific next steps on WTO to the Algerian government, since the Austrian Commissioner for Foreign Affairs planned to deliver a similar message in a March visit to Algeria. He cautioned, however, against insisting the Algerians present their WTO documents in English, believing this was unnecessarily complicating matters for Algeria. END SUMMARY.

ALGERIANS SHOPPING FOR EASY ENTRY

12. (C) German diplomat Benedikt Zanker who, like his UK and French counterparts, received a detailed briefing on Mandelson's visit, told us on February 7 that Mandelson came to Algeria for a general assessment of trade relations within the context of the EU-Algerian Association Agreement (reftel. Mandelson was "not prepared" to get into the details of WTO accession criteria with the Algerians. Zanker said that the Germans did not question the Algerians' enthusiasm for the WTO but said that Algeria was "misguided" in thinking that if it searched and pushed hard enough, it would somehow find an easier and less painful way into the WTO. The Germans believed the Algerians were probing the EU, individual EU member states, the U.S. and Canada to see if anyone would help it "negotiate" on WTO accession criteria.

UK diplomat Simon Dennison voiced the same impression to us on February 6, saying that the Algerians had accused the EU of "not doing enough" to support them because the EU was not negotiating on WTO accession criteria and not walking Algeria through the necessary accession steps.

EUROPEANS SENSE WTO MOVEMENT

13. (C) EU Delegate Wolfgang Plotze told Ambassador on February 12 that Mandelson concluded that "there was movement" on the WTO, and that he found the Algerians to be forthcoming. Plotze said the European trade relationship with Algeria required patience, noting that the WTO process with Algeria began 20 years ago while the first actual meeting only happened 10 years ago. Plotze said that things have changed inside Algeria since then -- enough that he believed the Algerian officials could eventually secure consensus within the government and broader population to back WTO accession. Plotze told us that the Austrian Commissioner for Foreign Affairs would visit Algeria in March, and would present a more specific message to the Algerians on the next steps for WTO accession. Because of this, he said the time was "perfect" for the U.S. to demarche the Algerian government with a similar message.

EU AMBASSADOR: "DON'T INSIST ON ENGLISH"

14. (C) Plotze, however, cautioned against insisting the Algerians present their WTO documents in English. French is an official WTO language, he said, and the Algerians have

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difficulty securing quality translations. Plotze, who worked for seven years in Geneva, said that the Algerians could rely on the existing translation service in Geneva and focus instead on the technical elements of their submission. Ambassador noted that many other countries worked in English even if English is not their native language and most countries negotiating with Algeria prefer to use English. Plotze was unmoved.

A LINGERING SOCIALIST MENTALITY

15. (C) UK diplomat Dennison agreed that Algeria now is more able than ever before to sell WTO internally, but noted there was still a ways to go. He said that his embassy believed there were some Algerian officials who understood that WTO accession criteria were objective. The majority, however, still believed that WTO was something to be negotiated in a bilateral context rather than an international standard. French diplomat Francois PengUILly told us on February 7 that the French message to the Algerians on WTO was clear: WTO standards are not open for negotiation, and France remains ready to advise in taking steps towards accession. PengUILly conceded that the French did not have much traction with Algeria on WTO.

16. (C) PengUILly said that France had stressed to the Algerians the need to harmonize a chaotic system of bilateral tariffs and to eliminate domestic subsidies, particularly on fuel. On this last point, PengUILly said, the French had run into a real impasse. The Algerians, according to PengUILly, see the incredibly low price of fuel inside Algeria (unleaded gasoline, for example, costs approximately USD 1.25 per gallon) as an incentive to foreign investors. He said the Algerians insisted passionately that low domestic fuel costs would be the deciding factor for businesses torn between setting up in Algeria or in its more expensive Maghreb neighbors. (NOTE: Peter Walters of U.S. company Guardian Industries told us during a July 2007 visit that his firm was considering building a glass production factory in Algeria because of the low cost of natural gas. End note.) PengUILly said the subsidy impulse was deeply buried in the

Algerian psyche, and it would take much effort to change it, regardless of the pace of WTO accession.

COMMENT: NEW OPENINGS, HOWEVER SMALL

17. (C) Energy subsidies will indeed be sensitive. Already Algerian Energy Minister Khellil is reported in the media several times in the past two weeks as insisting that domestic gas prices include all costs and a small profit margin as well. In our own conversations with Algerian top leaders, we have found very little understanding even of the concept of international market prices for natural gas that would be comparable to domestic pricing.

18. (C) The EU diplomats we spoke to agreed that the Mandelson visit did not break new ground on the WTO with the Algerians, nor did it delve into the details of specific steps Algeria needed to take towards accession. However, they did sense an opening both at the recent Geneva meetings and during the Mandelson visit that they believed present a moment of opportunity. All shared the sense that Algeria was far more comfortable pursuing bilateral trade negotiations even though it had realized that the WTO would be necessary medicine for its economy, as Zanker put it. The EU's Plotze supported a coordinated EU-U.S. approach, and noted that both were already delivering the same basic message. Penguilly took the long view, concluding that because the Algerians were still emotional about any steps taken to bend their economy to standards they perceive to be Western, progress would still be slow and difficult to predict.

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